



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



50X1

19 AUGUST 1966

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1. South Vietnam

Prime Minister Ky has signed an agreement meeting the major demands of the montagnard tribal autonomy movement. Ky has also extended the period during which the montagnards can name candidates for the September election. These measures will pave the way for the return of montagnard special forces to government control, and will probably remove the threat of a montagnard boycott of the election.

Radical Buddhist leader Tri Quang has declined an invitation to visit Japan. Tri Quang, now some 70 days into his "hunger strike," gave poor health as his excuse. In truth, he probably is afraid that he would not get back in the country once he left it.

2. North Vietnam

A senior Polish official believes Hanoi's price for coming to the conference table might be open to some negotiation--if, as a down payment, we stopped the bombing.

Talking with Ambassador Gronouski yesterday, the Pole said he thought the North Vietnamese would agree to sit at the table with the Ky government. He also thought Hanoi would perhaps be less insistent that the Viet Cong's program be the exclusive base for negotiations.

In times past the Poles have not been too adept at second-guessing North Vietnam. In fact, the official talking to Gronouski made a trip to Hanoi during the January halt in bombing--and he failed to bring home any sign that the North Vietnamese were willing to move toward negotiations.

3. Burma

Ne Win will be visiting Japan after he leaves Washington next month. The Japanese expect him to seek a speed-up in the financial assistance which they had previously promised him. 50X1

4. Soviet Union

New agreements were signed this week in Moscow detailing the assistance which Fiat of Italy is to give to the Soviets' big program for overhauling and modernizing the auto industry. The Italian Government is to guarantee a \$300-million credit for deliveries of Fiat equipment to the Soviet Union and another \$50 million for Soviet purchases elsewhere.

Training of Soviet technicians is to begin in Italy this fall. Some 2,000 are ultimately to be trained.

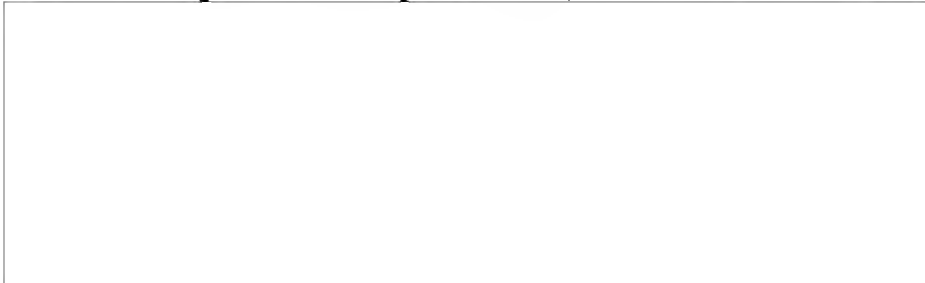
The Soviets will eventually have to invest some \$1.2 billion to reach their goals. Even if all goes reasonably well the big effort will bring the Soviet Union just to the threshold of the automotive age by 1975. We calculate that by that time the Soviets could have about as many cars as Americans had fifty years ago. Most of these, however, will go to the Soviet upper class--the bureaucrats and the managers.

5. Congo

the mutinous Katangans may already have left Kisangani for the long trek to their homeland. If so, there is little Mobutu's forces can do but sporadically harass and delay them on their way. 50X1

6. United Nations

U Thant will stand for another term if he receives some indication that the US and the Soviet Union intend to use his office and the UN machinery to help solve major world problems. 50X1



7. Cuba

The regime is about to unveil its latest attempt to grapple with the hard problem of lagging labor productivity. The central labor organization is to open its twelfth congress next week. It is expected to ratify important changes aimed at making it a more effective instrument for controlling and stimulating the labor force.

There is no reason to expect these changes to be any more effective than past efforts to get more and better production out of the Cuban worker.

There will be a number of foreign guests present, including some from North Vietnam, and we can expect more of the usual anti-US diatribes.

8. Latin America

The Declaration of Bogota, issued by the presidents of Chile, Colombia, and Venezuela at the close of their conference this week, is likely to give new impetus to the idea of economic integration in Latin America. It is now clear that this will be a major item on the agenda at the forthcoming meeting of all the presidents of the hemisphere.

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